

THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

**DEPARTMENT OF
TELECOMMUNICATIONS & ENERGY**

ONE SOUTH STATION

**Boston, MA 02110
(617) 305-3500**

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COMMISSIONER

July 8, 2004

Scott J. Mueller, Esq.
Le Boeuf, Lamb, Greene & MacRae
260 Franklin Street
Boston, MA 02110-3173

Re: First Set of Information Requests

Dear Sirs and Madams:

Enclosed is the first set of information requests by the Department of Telecommunications and Energy regarding the above-captioned matter. Please submit copies of your responses to the appropriate information requests to the Department within ten business days.

Should you have any questions please contact me at (617) 305-3500. Thank you for your prompt attention to this matter.

Sincerely,

Caroline M. Bulger
Hearing Officer

Enc.

cc: Service List
Mary Cottrell, Secretary

FIRST SET OF INFORMATION REQUEST OF
THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Pursuant to 220 C.M.R. 1.06(6)(c), the Department of Telecommunications and Energy ("Department") hereby submits the following information request(s) regarding D.T.E. 04-48.

INSTRUCTIONS

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Company in this proceeding.

1. Each request should be answered in writing on a separate, three-hole punch page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.
2. Do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.
3. These requests shall be deemed continuing so as to require further supplemental responses if the Company or its witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
4. The term "provide complete and detailed documentation" means:

Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting work-papers.
5. The term "document" is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.
6. If any one of these requests is ambiguous, notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
7. Please serve a copy of the responses on Mary Cottrell, Secretary of the Department, one copy to the Service List, one copy to Caroline M. Bulger, Hearing Officer, and

three copies to James Powell, Analyst, Rates and Revenue Division. A copy should also be sent to dte.efiling@state.ma.us.

Requests

- DTE 1-1 Refer to Page 6 of Exhibit LMB-1. Please provide a copy of Financial Accounting Standard No. 87, "Employers Accounting for Pensions."
- DTE 1-2 Refer to Page 6 of Exhibit LMB-1. Please provide a copy of Financial Accounting Standard No. 106, "Employers Accounting for Postretirement Benefits Other Than Pensions."
- DTE 1-3 Refer to Page 6 of Exhibit LMB-1. Please provide a copy of Financial Accounting Standard No. 71.
- DTE 1-4 Refer to Page 11 of Exhibit LMB-1. Please provide a copy of "Financial Interpretations Number 46," and explain why the Company adopted this financial accounting statement.
- DTE 1-5 Refer to Page 20 of Exhibit LMB-1. Please provide any letters, memoranda, reports or other written documents in which the Company's auditors communicated to the Company that Regulatory Asset accounting treatment for pension and PBOP expenses was necessary to avoid taking "significant charges to its equity and current expenses."
- DTE 1-6 Please refer to Page 20 of Exhibit LMB-1. Is the Company's proposed mechanism the only acceptable means of satisfying the requirements of FAS 71? If the response is negative, please provide other methods which would satisfy the requirements of FAS 71.
- DTE 1-7 Refer to Page 22 of Exhibit LMB-1. Discuss the Company's incentive to minimize pension and PBOP costs in the future should the Department allow the Company's requested dollar for dollar recovery of pension/PBOP costs as well as carrying charges on both the Average Prepaid Amount and the Past Period Reconciliation Amount.
- DTE 1-8 Refer to Page 24 of Exhibit LMB-1. Please explain why the amount of PBOP expense has been adjusted for construction overheads.
- DTE 1-9 Refer to Schedule LMB-4. Please provide all workpapers, calculations, assumptions, etc. used to substantiate that the Company's electric division base rates include \$26,891 in Until Service PBOP expense, and that the Company's gas division base rates include \$14,410 in Until Service PBOP expense.

- DTE 1-10 Please provide for each of the years 1999 through 2003, for both the electric and gas divisions of the Company, the FAS 87/FAS 106 accounting expense; the tax deductible contributions to the pension/post-retirement benefits other than pensions ("PBOP") plans; and the amount collected in rates for pension/PBOP expenses.
- DTE 1-13 Refer to Schedule LMB-2. Regarding the calculation of PBOP expense in this schedule, please explain why the Company reduced the per book PBOP expense by the portion applicable to the transition obligation. As part of this response, explain whether a corresponding adjustment should have been made in Schedule LMB-4 when computing the amount of PBOP expenses included in base rates.
- DTE 1-14 Refer to NSTAR Pension, D.T.E. 03-47 (2003). Please describe any differences between the NSTAR pension adjustment mechanism that was ultimately approved by the Department and the Company's proposal in this proceeding.